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SECURITY INFORMATION

# INFORMATION REPORT

## REPORT

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1. The rapid increase in industrial production in Rumania, due to Soviet demands on Rumanian economy, forced the Government in 1949 to undertake a large scale industrial investment program. The Five Year Plan which was then drawn up envisaged a total investment of 350,000 million lei (\$2,300,000,000). During 1950 nearly 60,000 million lei (\$400 million) were invested, in 1951 the figure was 100,000 million lei (\$666 million) and the planned figure for 1952 was 130,000 million lei (\$866 million). It would therefore appear probable that the original estimate will be exceeded by quite a considerable margin.
2. Nearly 80% of the 1950 investments were made on behalf of the Ministry of Industry. During 1951 about 66 2/3% were for this Ministry; of this amount about 30,000 million lei (\$200 million) were for heavy industry. Heavy industry was to receive the same amount during 1952.
3. The 1951 and 1952 investments in the metallurgical industries envisaged above all the expansion of iron and steel works through the construction of new open-hearth and blast furnaces, and the completion of the equipping of mechanical workshops with heavy machine-tools imported from abroad. By the end of 1953, there should be 24 more open-hearth furnaces in operation than in 1950. The 1951 Plan envisaged the following distribution:
  - a. Bucharest region - 4, of which 3 at the former Malaxa plants  
1 at the Vulcan plants
  - b. Brasov (Stalin) area - 3, of which 2 at Steagul Rosu  
1 at Strungul
  - c. Braila - 2 at the Progresul plants

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- d. New developments - at Arad, Craiova, Targoviste, Buzau, Roman, Piatra-Neamt, Iasi ~~et cetera~~, which presumably have no steel furnaces.
4. In view of the recently accelerated rhythm in the development of the Five Year Plan, apparently in order to put current production on a war footing, the plans drawn up for the years 1952 and 1953 for new factories have already been considerably modified. Reasons for making the above assumption are based on the following examples of modifications:
- a. The new railroad car plant at Pieptanari near Bucharest is to be structurally modified, so that the assembly halls can accommodate tanks and armored cars.
  - b. The existing forges, foundries and workshops at the former Malaxa factories, at Steagul Rosu and at Progresul have been partially transformed to be able to produce tanks and special military vehicles in series.
  - c. During the summer of 1951 reconnaissances were made of 20 sites between Galati and Braila for the construction of military factories.
5. It should also be noted that demands for credit made by large firms to expand their administrative buildings, library, workers' housing, ~~et cetera~~, are regularly refused, on the grounds that the Rumanian Five Year Plan is only concerned with an increase in production, and not with the well-being of workers and industrial officials.
6. Investments during 1951:
- a. The following firms were greatly expanded during 1951:
    - (1) Ceahlau factory at Piatra-Neamt
    - (2) The former arsenal shops at Roman, Bacau, and Targoviste.
    - (3) The Progresul Plant at Braila which has priority over everything else.
  - b. The factories listed below had the following new equipment installed:
    - (1) 23 August Factory (formerly Malaxa) at Bucharest: new forges, expansion of the steel foundries and of the boiler construction department.
    - (2) Steagul Rosu (Astra Vagoane) factory at Brasov (Stalin): expansion of the foundry and completion of the tooling-up of the ball-bearing and machine tool factories.
    - (3) Timpuri-Noi (Lermaitre) factory at Bucharest: new shops and machine tools for the manufacture of compressors and combustion engines.
    - (4) Victoria factory at Arad: expansion of the toothed wheel section, of small and medium machine tool production shops, ~~et cetera~~.
7. Investments during 1952 are as follows:
- a. The rapid expansion of the Braila metallurgical factory is planned. New 800 and 2,300 ton presses are to be installed; a railroad car wheel shop is to be built; the heavy engineering shop, the steel foundry and the assembly shops and boiler shops are to be expanded. A new factory at Pieptanari near Bucharest is to be built. This factory, together with the former Malaxa, Astra, and Progresul factories, is to manufacture different

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types of freight cars, and to have vast assembly shops, probably for military vehicles. The 1952 Investments Plan was not final in September 1951, as the claims of different firms far exceeded the funds and above all the materials available; the equipment and machine tools had to come from abroad. On the other hand, the possibility of large scale military orders was already looming up, and a special investments fund was to be put aside for that purpose.

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- b. One of the plans which had yet to be decided was one for a new [redacted] brake factory at Bacau or Iasi, which should produce 5,000-6,000 brake linings per year by 1954-55.

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